

Other General Fund Revenue

All Other Revenue
Highway Patrol Fines
Nursing Facilities Fee
Public Institution Reimbursements
Tobacco Settlement



Legislative Fiscal Division



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Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Revenue Description: There are a number of other taxes, fees, and fines that historically have generated less than \$2.5 million each in annual general fund revenue. In addition, the statutes governing these miscellaneous taxes, fees, and fines are frequently changed, making meaningful comparison between tax years impractical and accurate estimation of the revenue difficult.

“All Other Revenue” sources are estimated in aggregate except for the following: investment license transfers, civil fines, single state registration system fees, lodging facility use tax, Montana University System debt service deposits, and deposits by state agencies for SABHRS debt service. In the past, wildfire cost reimbursements had been included in the revenue source, but beginning in fiscal 2003 they are now deposited to the federal special revenue fund.

Applicable Tax Rate(s): Various

Distribution: “All Other Revenue” is deposited in the general fund.

Summary of Legislative Action:

House Bill 2 – The amount of money appropriated from certain accounts inversely impacts the amount of general fund revenue from various sources. Although these revenue amounts are estimated prior to the session based on appropriations requested in the Executive Budget, final appropriations set by the legislature may differ. Revenue changes due to differences in appropriations occur in the following funds: 1) security fee account (State Auditor), shared coal tax account (Commerce, DNRC, Agriculture, and State Library), and the liquor enterprise fund (Department of Revenue).

House Bill 62 – In addition to revising apiary fees, the legislation earmarks penalties for violation of apiary statutes that had previously been deposited to the general fund. It is estimated that the loss of general fund revenue will be \$17,730 each year.

House Bill 159 – The legislation separates licensure of food manufacturers from retail establishments. The new \$75 annual license fee is deposited 88 percent to the state special revenue local board inspection account, six percent to the new state special revenue account created by the legislation for administering the new food wholesaler laws, and six percent to the general fund. It is estimated that general fund revenues will increase \$337 each year.

House Bill 195 - In addition to increasing fee revenue from reinstatement of driver’s licenses, the legislation also increases highway patrol fine revenue (the revenue effects and details of these changes are shown under the “Highway Patrol Fines” revenue source). The legislation defers the reinstatement of driver licenses following a conviction of driving under the influence and driving with an illegal alcohol concentration. Due to this deferral, the number of reinstated licenses will decrease in fiscal 2004 and general fund revenue from the \$100 reinstatement fee will decrease \$81,000 in fiscal 2004. The legislation is effective on passage and approval.

House Bill 215 – A new driver’s license reinstatement fee of \$100 is imposed for licenses suspended or revoked, for other than medical reasons, for which the current law reinstatement fee (increased to \$200 by HB 618, see below) does not apply. All of the revenue from the new fee is deposited to the general fund. The new fee replaces the \$25 fee to reinstate a license suspended for failure to post bond or appear in court. The increase in the number of licenses reinstated is estimated to increase general fund revenue by \$309,000 in fiscal 2004 and \$619,800 in fiscal 2005.

House Bill 363 – The following amounts of money in the State Compensation Mutual Insurance “old fund” (for claims for injuries resulting from accidents before July 1, 1990) are to be transferred to the general fund: 1) prior to June 30, 2003 - \$9,178,000; 2) prior to June 30, 2004 - \$4,300,000; 3) prior to June 30, 2005 - \$3,780,000; and 4) on the date the legislation is passed and approved – all of the 10 percent of funds that was required to be reserved, estimated to be \$9,090,000. A total of \$26,348,000 is transferred. If money in the account is not adequate to pay claims, the amount necessary to pay the claims must be transferred to the fund from the general fund.

Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

House Bill 452 – A state special revenue account is established for donations for use by the Department of Public Health and Human Services to provide services to people with developmental disabilities. A taxpayer is allowed a corporate or individual income tax credit equal to 30 percent of the amount donated (this fiscal impact is shown under the “Individual Income Tax” revenue source). Thirty percent of the money in the account for which a tax credit will be claimed must be transferred to the general fund. The estimated amounts of this transfer are \$319,800 in fiscal 2004, \$304,800 in fiscal 2005, and \$165,000 in fiscal 2006. If the amounts transferred exceed the actual amount of the credits claimed, the excess amount is transferred from the general fund back to the state special revenue fund. The legislation terminates January 1, 2006.

House Bill 478 - A sentencing judge may suspend driver’s licenses for failure to comply with any penalty or condition of the sentence. In addition to increasing the number of reinstated driver’s licenses, additional arrests by the Montana Highway Patrol will increase the amount of highway patrol fines collected (the revenue effects and details of these changes are shown under the “Highway Patrol Fines” revenue source). Because additional license suspensions will result in a greater number of license reinstatements requiring a \$100 reinstatement fee (enacted by HB 215, see above), general fund revenue is estimated to increase \$681,480 in fiscal 2004 and \$1,135,800 in fiscal 2005.

House Bill 618 – The fee to reinstate a revoked or suspended driver’s license (except those covered by HB 215 and HB 478, see above) is doubled from \$100 to \$200. Previously, all of the revenue from the fee was deposited in the general fund. The legislation also changes the revenue distribution to 50 percent to the general fund and 50 percent to a new state special revenue account to be used to fund county drinking and driving prevention programs. These changes result in no general fund impact, but state special revenue is increased \$383,400 in fiscal 2004 and \$511,200 in fiscal 2005.

House Bill 689 – In addition to other revisions to laws related to lobbying, the legislation establishes a total payment limit of \$2150, indexed for inflation, below which a person is not considered a lobbyist and thus does not have to pay the \$150 registration fee. Because the fee is allocated \$100 to the state government broadcasting account (for use by the Legislative Services Division to provide broadcasting services) and \$50 to the general fund, the reduction in the number of registered lobbyist is expected to reduce general fund revenue in fiscal 2005 by \$9,700.

House Bill 722 – A new utilization fee is imposed on resident bed days of intermediate care facilities for the mentally retarded. The fee is five percent of a facility’s quarterly revenue divided by the quarterly bed days. The fee revenue is allocated 70 percent to a new state special revenue prevention and stabilization account (for use by the Department of Public Health and Human Services to provide health and human services) and 30 percent to the general fund. After including fiscal changes due to the passage of House Bill 727 (closure of the Eastmont Human Service Center), the general fund revenue from the new fee is estimated to be \$100,204 in fiscal 2003, \$212,631 in fiscal 2004, and \$213,668 in fiscal 2005. The legislation is effective on passage and approval.

House Bill 767 – In addition to increasing fees to obtain a set of specialty license plates for motorcycle or quadricycles (the revenue effects and details of these changes are shown under the “Motor Vehicle Fee” revenue source), the legislation also institutes a bulk purchase cost of \$0.08 for each driving record that is searched by the department for a change in license status or conviction activity. General fund revenue is expected to increase \$8,400 in fiscal years 2004 and 2005.

Senate Bill 26 – Since the enactment of House Bill 539 (Montana Title Loan Act) by the 2001 legislature, license and examination fees had been deposited to the general fund. Senate Bill 26 earmarks the fee revenue to a state special revenue fund to be used by the Department of Administration to supervise the act. The loss of general fund revenue is estimated to be \$32,000 each year.

Senate Bill 35 – Under the legislation, if a person with a developmental disability is found fit to proceed and is convicted of a crime the court may sentence the person to a developmental disabilities facility. Costs incurred by the Department of Public Health and Human Services in determining if a person is fit to proceed are reimbursed to the general fund by the Judicial Branch. Based on the assumption that the department will have two criminal commitments over the biennium and will conduct one evaluation, the general fund will receive \$25,645 in fiscal 2004.

Senate Bill 89 – The legislation exempts property held by local governments from the uniform unclaimed property act. The general fund revenue loss is estimated to be \$34,750 in fiscal 2003, \$139,000 in fiscal 2004, and \$139,000 in fiscal 2005. The legislation is effective on passage and approval.

Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Senate Bill 128 – Fees collected for criminal history record checks that had previously been deposited to the general fund are earmarked to a state special revenue account for use by the Department of Justice for the dissemination of criminal history information. The loss of general fund revenue is estimated to be \$182,776 each year. The legislation is effective on passage and approval.

Senate Bill 144 – The State Auditor’s Office is authorized to charge \$0.50 to copy each page of a public document for an estimated \$1,000 each year of general fund revenue. In addition, investment companies are charged a new \$50 fee by the State Auditor’s Office for changing the name of a series, portfolio, or subdivision of an investment company (the revenue effects and details of these changes are shown under the “Investment License Fee” revenue source). The legislation is effective October 1, 2003.

Senate Bill 407 – In addition to creating a new rental car sales tax (the revenue impacts of which are shown here), the legislation also affects other general fund revenue sources. It: 1) increases cigarette and tobacco taxes; 2) revises income taxes; and 3) imposes a three percent accommodation sale tax in addition to the existing lodging facility use tax. The revenue effects and details of these other changes are shown under the respective individual revenue sources. The legislation has two revenue impacts on the “All Other” revenue source:

1. Beginning July 1, 2003, a new four percent sales tax is imposed on the base rental charge for rental vehicles. The base rental charge includes use charges for time and mileage, insurance, accessory equipment, and charges for additional or underage drivers. It does not include price discounts, charges for operating an airport concession, motor fuel, intercity drop charges, and government taxes. A rental vehicle is one that is used by a person other than the owner by arrangement and for consideration. Included are light vehicles, motorcycles, motor-driven cycles, quadricycles, motorboats and sailboats, and off-highway vehicles. Sales to the U.S. government are exempt from the sales tax. All facilities subject to the tax must obtain a seller’s permit before engaging in business subject to the sales tax within Montana. The vendor must pay the tax due by the last day of the month following a calendar quarter. Vendors are allowed to claim and keep five percent of the tax as an allowance, not to exceed \$1,000 a quarter. The Department of Revenue may require a retailer to post security up to twice the average tax liability to be used to recover taxes, interest, and penalties owed. All revenue from the tax is deposited in the general fund. Projections by the Department of Revenue indicate that five percent of the taxes owed will not be paid. The remaining amounts, net of the five percent vendor allowance, are estimated to be \$2,180,000 in fiscal 2004 and \$2,248,000 in fiscal 2005.
2. The legislation also increases “All Other” revenue due to the increase and distribution change in the cigarette tax. Along with an increase of \$0.52 per pack to \$0.70 per pack, the distribution of cigarette taxes to the Department of Public Health and Human Services for the state veterans’ nursing home was changed from 11.11 percent to the greater of 8.3 percent or \$2.0 million. These changes result in increased revenue to the account. Any money in this account in excess of \$2.0 million at the end of a fiscal year is transferred to the general fund. Because these changes are effective May 1, 2003, revenue impacts begin in fiscal 2003. Since no additional money was appropriated to the department from this account, it is estimated that transfers of the excess to the general fund will be \$407,398 in fiscal 2003, \$1,546,615 in fiscal 2004, and \$1,455,059 in fiscal 2005.

Senate Bill 464 – Food establishment license fees increase from \$60 to \$75 and the percentage distribution to the general fund decreases from 7.5 percent to 6.0 percent for an estimated general fund revenue loss of \$4,050 in fiscal 2005 and \$3,750 in fiscal 2005. The fee and distribution changes are effective January 1, 2004.

Senate Bill 493 – Use of money in the motor vehicle information technology system account was amended to include transfers to the general fund. In the 2005 biennium, a transfer of up to \$3,700,000 to the general fund is authorized, the timing and amount of which are to be determined by the director of the Office of Budget and Program Planning. Excess revenue in the account is anticipated from three sources:

1. The motor vehicle information technology system account was established in House Bill 577 enacted by the 2001 legislature. This legislation doubled the fee for filing motor vehicle liens from \$4 to \$8 with the \$4 increase earmarked to pay debt service on the loan from the Board of Investments financing the motor vehicle information technology system. Revenues from the fee increase are expected to exceed debt service payments in fiscal 2003 resulting in a large fund balance.

Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

2. Passage of House Bill 261 by the 2003 legislature will also contribute to excess money in the motor vehicle information technology system account in the 2005 biennium. This legislation provides for a \$5.00 increase in the certificate of ownership fees for watercraft, snowmobiles, off-highway vehicles, and all other vehicles and a \$7.00 increase in the duplicate certificate of ownership fee (of which \$2.00 of the increase is deposited to the general fund, see the "Motor Vehicle" revenue source for more details). It also levies a new \$10.00 fee for the issuance of a new certificate of title following the release of a lien. The increased revenue is deposited in the account to pay debt service on the \$18.0 million increase in the loan from the Board of Investments. The increased revenues from this legislation are expected to exceed debt service costs by \$3,890,544 in the 2005 biennium.
3. House Bill 538, passed by the 2003 legislature, increases the lien-filing fees for boats, snowmobiles, and off-highway vehicles. The increased revenues of \$20,932 in fiscal 2004 and \$41,864 in fiscal 2005 are deposited to the motor vehicle information technology system account.

The legislation terminates June 30, 2005.

All Other Revenue -- Legislation Passed by 58th Legislature Estimated General Fund Impact for the 2005 Biennium			
<u>Bill Number and Short Title</u>	<u>Fiscal 2003</u>	<u>Fiscal 2004</u>	<u>Fiscal 2005</u>
HB0002 General appropriations act		(498,456)	(489,182)
HB0062 Revise apiculture laws		(17,730)	(17,730)
HB0159 Separate licensure of food manufacturers from retail establishments		337	337
HB0195 Mandatory penalty provisions for DUI offenders -- for federal funding		(81,000)	
HB0215 Fee for reinstatement of driver's license		309,000	619,800
HB0363 Remove reserve requirements for old fund	18,268,000	4,300,000	3,780,000
HB0452 Tax credit for developmentally disabled funding		319,800	304,800
HB0478 Allow for driver license suspension for failure to comply with sentence		681,480	1,135,800
HB0618 Double driver license reinstatement fee			
HB0689 Revise laws relating to lobbying			(9,700)
HB0722 Provider tax on intermediate care facilities	100,204	212,631	213,668
HB0767 Revise motor vehicle and driving record laws		8,400	8,400
SB0026 Revise Title Loan Act		(32,000)	(32,000)
SB0035 Revise criminal procedure for developmentally disabled		25,645	
SB0089 Exempt local governments from uniform unclaimed property act	(34,750)	(139,000)	(139,000)
SB0128 State special revenue account for criminal history record dissemination		(182,776)	(182,776)
SB0144 Revise securities laws		1,000	1,000
SB0407 Income tax reduction with revenue from limited sales tax	407,398	3,726,615	3,703,059
SB0464 Revise health and safety laws regarding food establishments		4,050	3,750
SB0493 Revise motor vehicle computer system law to implement appropriations bill		3,700,000	
Total Estimated General Fund Impact	<u>\$18,740,852</u>	<u>\$12,337,996</u>	<u>\$8,900,226</u>

Statute: Various

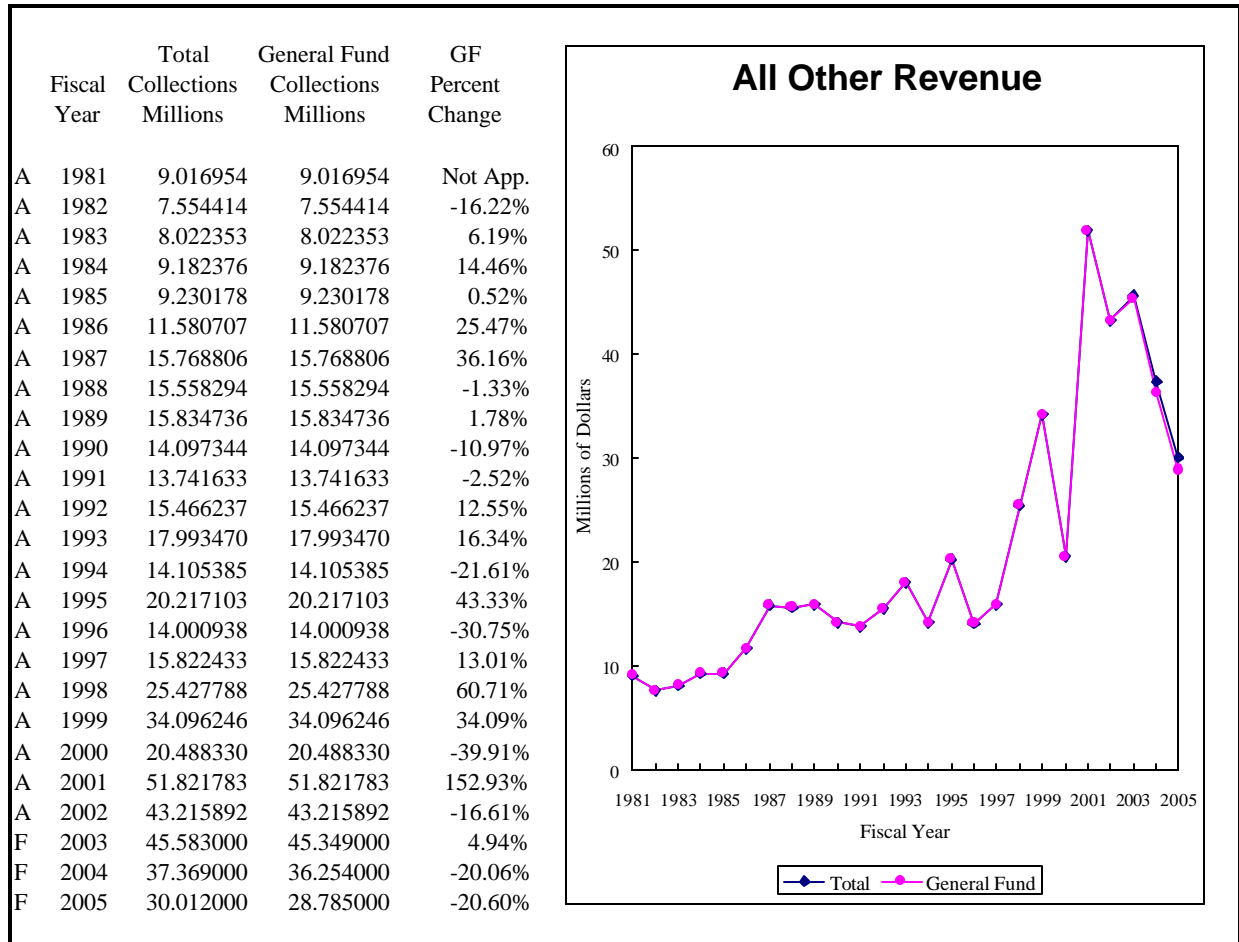
% of Total FY 2002 General Fund Revenue: 3.35%

Legislative Fiscal Division

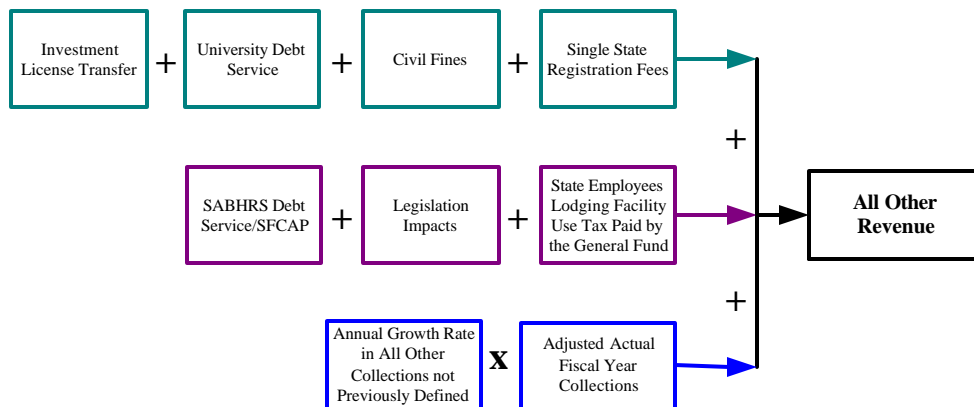
Revenue Estimate Profile

All Other Revenue

Revenue Projection:



Forecast Methodology

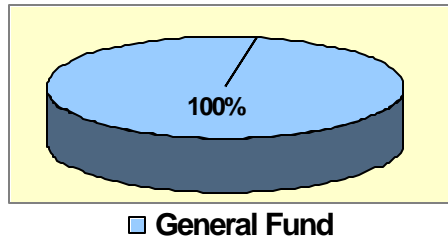


Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Distribution Methodology



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2003 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Base	Annual	Adjustments
	Fiscal	Millions	Millions	Millions	Growth	Millions
Actual	2000	20.488330	20.488330	11.125862	-8.9735%	
Actual	2001	51.821783	51.821783	11.876710	6.7487%	
Actual	2002	43.215892	43.215892	8.420755	-29.0986%	1.162288
Forecast	2003	26.608000	26.608000	8.420755	0.0000%	7.099000
Forecast	2004	23.916000	23.916000	8.420755	0.0000%	5.197175
Forecast	2005	19.885000	19.885000	8.420755	0.0000%	0.660880

	t	Investment	Land Grant	Civil Fines	GVW Fees	Accom. Tax	MSU&EMC	SABHRS
	Fiscal	Transfer	Millions	Millions	Millions	Millions	Debt	Debt
		Millions					Millions	Millions
Actual	2000	2.296258	0.086129	0.439498	1.275935	0.016878	0.495693	2.506520
Actual	2001	2.445000	0.091699	0.484739	1.252221	0.052215	0.837170	2.490067
Actual	2002	2.179165	0.000000	0.749382	1.044512	0.038912	0.839583	2.468857
Forecast	2003	2.292000	0.000000	0.542723	1.045000	0.040676	0.838186	2.050913
Forecast	2004	3.325000	0.000000	0.533656	1.045000	0.042520	0.837743	0.000000
Forecast	2005	3.350000	0.000000	0.520373	1.045000	0.044449	0.833016	0.000000

	t	FEMA	Coal	SFCAP	Liquor License	District	Bank
	Fiscal	Millions	Transfer	SABHRS	Transfer	Court	Charges
			Millions	Millions	Millions	Millions	Millions
Actual	2000	0.000000	0.000000	0.577083	0.000000	0.000000	0.000000
Actual	2001	31.097802	0.611432	0.582728	0.000000	0.000000	0.000000
Actual	2002	23.246341	0.623227	0.629046	1.036184	0.000000	0.777640
Forecast	2003	0.000000	0.000000	0.661307	0.899752	1.940363	0.777640
Forecast	2004	0.000000	0.000000	0.898875	0.839455	1.998574	0.777640
Forecast	2005	0.000000	0.000000	1.310170	0.841095	2.058531	0.800969

Legislative Fiscal Division

Revenue Estimate Profile

Highway Patrol Fines

Revenue Description: The Montana Highway Patrol issues citations for speeding, driving under the influence of alcohol or drugs, and other misdemeanors. Fines and forfeitures associated with these citations are collected by various state and local courts.

Applicable Tax Rate(s): Fines for citations are variable.

Distribution: All of Highway Patrol fines and forfeitures on all offenses that result from citations issued by the Highway Patrol, except those paid to a justices' court, received by the state are deposited in the general fund.

Summary of Legislative Action:

House Bill 141 – The new law redefines the criminal conduct of fleeing from or eluding a peace officer and increases the associated penalties. Based on assumptions that the average fine increases from \$200 to \$500 per incident, total highway patrol fine revenue increases \$12,400 each fiscal year of the 2005 biennium. Since local governments and the general fund each receive 50 percent of the revenue increase, the general fund revenue increases \$6,200 in both fiscal years.

House Bill 195 – In addition to increasing the highway patrol fine revenue, reinstatement of driver licenses following a conviction of driving under the influence (DUI) and driving with an illegal blood alcohol concentration (BAC) are deferred. The revenue effects and details of the reinstatement changes are shown under the "All Other" revenue source. The legislation increases the length of incarceration and the penalties associated with the offenses of DUI and BAC. The increases in penalties are: 1) first offense - from not less than \$100 and not more than \$500 to not less than \$300 and not more than \$1,000; 2) second offense - from not less than \$300 and not more than \$500 to not less than \$600 and not more than \$1,000; and 3) third offense – from not less than \$500 and not more than \$1,000 to not less than \$1,000 and not more than \$5,000. Total highway patrol fine revenue is expected to increase \$704,400 in fiscal years 2004 and 2005. Since local governments and the general fund each receive 50 percent of the revenue increase, the general fund revenue increases \$352,200 in fiscal years 2004 and 2005.

House Bill 237 – The legislation requires that any vehicle equipped with a compression brake device have a functional muffler for the device. The fine for violation of this requirement cannot exceed \$500. Based on the assumption that 20 citations will be issued each year at an average fine of \$65, a total of \$1,300 each fiscal year will be collected in new fines. Since local governments and the general fund each receive 50 percent of the revenue increase, the general fund revenue increases \$650 in fiscal years 2004 and 2005.

House Bill 478 – In addition to increasing highway patrol fines, this legislation increases the number of driver license suspensions that increases the number of driver license reinstatements. The revenue effects and details of the reinstatement changes are shown under the "All Other" revenue source. Judges are allowed to suspend the license or driving privilege upon failure to comply with any penalty, restriction, or condition of a sentence. The assumptions used to derive the estimate include 497 new arrests with fines of \$160 each. Total highway patrol fine revenue is expected to increase by \$79,520 in fiscal years 2004 and 2005. Since local governments and the general fund each receive 50 percent of the revenue increase, the general fund revenue increases \$39,760 in fiscal years 2004 and 2005.

House Bill 480 – The penalties for certain violations regarding the reporting of motor vehicle accidents are increased. Additionally, the legislation changes the rate at which fines may be commuted by jail time. The increases in fines are: 1) first offense - from not less than \$10 and not more than \$100 to not less than \$200 and not more than \$300; 2) second offense within one year of the first - from not less than \$25 and not more than \$200 to not less than \$300 and not more than \$400; 3) third offense within one year of the first - from not less than \$50 to not less than \$400 while the upper limit stays constant at not more than \$500. The commutation of fines for jail time is also changed from \$10 to \$20 per one day of incarceration. This legislation increases total highway patrol fine revenue \$52,800 in fiscal years 2004 and 2005. Since local governments and the general fund each receive 50 percent of the revenue increase, the general fund revenue increases \$26,400 in fiscal years 2004 and 2005.

House Bill 677 – This legislation clarifies and redistributes fines and penalties for violations of the Natural Streambed and Land Preservation Act of 1975. Under prior law, the \$3,000 of fines and penalties estimated to be issued and collected for violations would have been deposited 50 percent to the general fund and 50 percent to local governments. This revenue is now earmarked for conservation districts. The general fund revenue loss is \$1,500 in fiscal years 2004 and 2005.

Legislative Fiscal Division

Revenue Estimate Profile

Highway Patrol Fines

Senate Bill 13 –The legislation reduces the DUI blood alcohol level from 0.10 percent to 0.08 percent. Implementation of this legislation protects Montana from the loss of \$114.8 million in federal highway funds over the next nine years. Based on assumptions of an additional 200 citations per year with an average fine of \$300, total highway patrol fine revenue increases \$60,000 in fiscal years 2004 and 2005. Since local governments and the general fund each receive 50 percent of the revenue increase, the general fund revenue increases \$30,000 in both fiscal 2004 and 2005.

Senate Bill 362 – The penalties for possession or consumption of intoxicating substances are increased. The changes in the fine for persons under the age of 18 who are cited with the offense of possession or consumption of intoxicating substances are: 1) first offense – from not more than \$150 to not less than \$100 and not more than \$300; 2) second offense - from not more than \$200 to not less than \$200 and not more than \$600; 3) third and all subsequent offenses - from not less than \$300 to not more than \$500 to not less than \$300 and not more than \$900. The changes in fines for persons age 18 to 21 who are cited with the offense of possession or consumption of intoxicating substances are: 1) first offense - from no more than \$150 to not more than \$200; 2) second offense – no change at not more than \$200; and 3) third and subsequent offenses - from not more than \$300 to not more than \$500. Total highway patrol fine revenue increases \$38,500 in fiscal years 2004 and 2005. Since local governments and the general fund each receive 50 percent of the revenue increase, the general fund revenue increases \$19,250 in fiscal years 2004 and 2005.

Highway Patrol Fines -- Legislation Passed by 58th Legislature
Estimated General Fund Impact for the 2005 Biennium

<u>Bill Number and Short Title</u>	<u>Fiscal 2003</u>	<u>Fiscal 2004</u>	<u>Fiscal 2005</u>
HB0141 Felony for causing high speed pursuit		6,200	6,200
HB0195 Mandatory penalty provisions for DUI offenders -- for federal funding		352,200	352,200
HB0237 Require muffler on motor vehicle with compression brakes		650	650
HB0478 Allow for driver license suspension for failure to comply with sentence		39,760	39,760
HB0480 Increase penalty for failure to report motor vehicle accidents		26,400	26,400
HB0677 Justice court jurisdiction over natural streambed and land preservation		(1,500)	(1,500)
SB0013 Reduce DUI blood alcohol to .08 for federal highway aid funds		30,000	30,000
SB0362 Revise penalties for minor in possession law violations		19,250	19,250
Total Estimated General Fund Impact	<u>\$0</u>	<u>\$472,960</u>	<u>\$472,960</u>

Statute: Title 61, Chapters 8 and 12; Title 53, Chapter 9, MCA

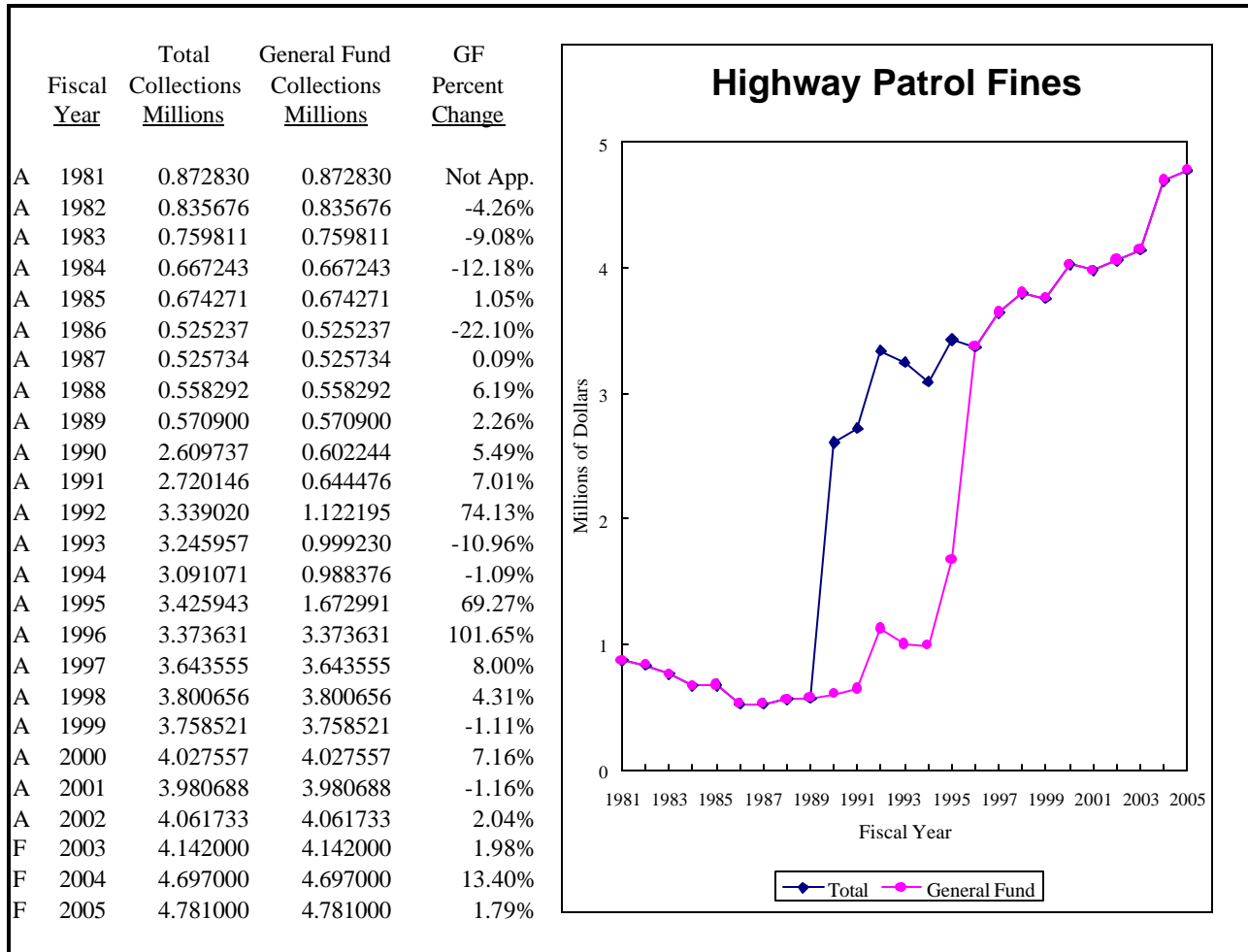
% of Total FY 2002 General Fund Revenue: 0.32%

Legislative Fiscal Division

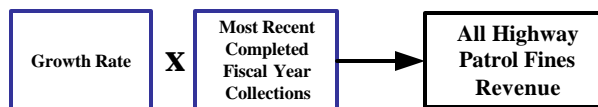
Revenue Estimate Profile

Highway Patrol Fines

Revenue Projection:



Forecast Methodology

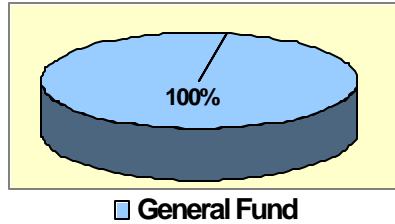


Legislative Fiscal Division

Revenue Estimate Profile

Highway Patrol Fines

Distribution Methodology



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2003 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Fine
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Growth Rate</u>
Actual	2000	4.027557	4.027557	0.071580
Actual	2001	3.980688	3.980688	-0.011637
Actual	2002	4.061733	4.061733	0.020360
Forecast	2003	4.142000	4.142000	0.019786
Forecast	2004	4.224000	4.224000	0.019786
Forecast	2005	4.308000	4.308000	0.019786

Legislative Fiscal Division

Revenue Estimate Profile

Nursing Facilities Fee

Revenue Description: Qualified nursing facilities are required to pay a utilization fee of \$4.50 per bed day in fiscal 2004 and \$5.30 each fiscal year thereafter. Nursing facilities are health care facilities licensed by the Department of Public Health and Human Services and include those operated for profit or non-profit, freestanding or part of another health facility, and publicly or privately owned. According to federal definitions, nursing facilities do not include adult foster homes, retirement homes, and other alternative living arrangements. Bed days are defined as a 24-hour period in which a resident of a nursing facility is present in the facility or in which a bed is held for a resident while on temporary leave.

Applicable Tax Rate(s): \$4.50 per bed day in fiscal 2004, \$5.30 after fiscal 2004

Distribution: In fiscal 2004 - \$2.80 per bed day deposited into the general fund, \$1.70 per bed day to DPHHS.
In fiscal 2005 - \$2.80 per bed day deposited into the general fund, \$2.50 per bed day to DPHHS.

Summary of Legislative Action:

House Bill 705 – Although the nursing facility fee is increased from \$2.80 for each bed day to \$4.50 in fiscal 2004 and to \$5.30 beginning in fiscal 2005, none of the increased revenue is distributed to the general fund. All new revenue, estimated to be \$3,499,484 in fiscal 2004 and \$5,172,033 in fiscal 2005, is deposited in a new state special revenue account for the Department of Public Health and Human Services. The increase in revenue is earmarked to increase the price-based average payment rate to nursing facilities above the fiscal year 2003 base. Furthermore, the increase in fee revenue produces added Federal Medical Assistance Participation funds by \$9,404,218 in fiscal 2004 and \$13,587,608 in fiscal 2005. The general fund distribution of the nursing facility fee is not changed.

House Bill 743 – In addition to increasing nursing facility fee revenue, public institution reimbursements are also increased (the revenue effects and details of these changes are shown under the “Public Institution Reimbursement” revenue source). The legislation removes the Montana mental health nursing care center’s exemption from the nursing facility fee and makes the center liable for the same utilization fees assessed other Montana nursing facilities. All utilization fees collected from the center are distributed 30 percent to the general fund and 70 percent to a new prevention and stabilization state special revenue account to be used by the Department of Public Health and Human Services to provide health and human services. Total collections of nursing facility fee revenue from the center are expected to be \$114,975 in fiscal 2004 and \$135,415 in fiscal 2005. The general fund distribution of nursing facility fee revenues increases by \$34,493 in fiscal 2004 and \$40,624 in fiscal 2005.

Nursing Facilities Fee -- Legislation Passed by 58th Legislature Estimated General Fund Impact for the 2005 Biennium			
Bill Number and Short Title	Fiscal 2003	Fiscal 2004	Fiscal 2005
HB0705 Increase utilization fee on nursing facility bed days			
HB0743 Include mental health nursing care center in bed tax		34,493	40,624
Total Estimated General Fund Impact	<u>\$0</u>	<u>\$34,493</u>	<u>\$40,624</u>

Statute: Title 15, Chapter 60, MCA

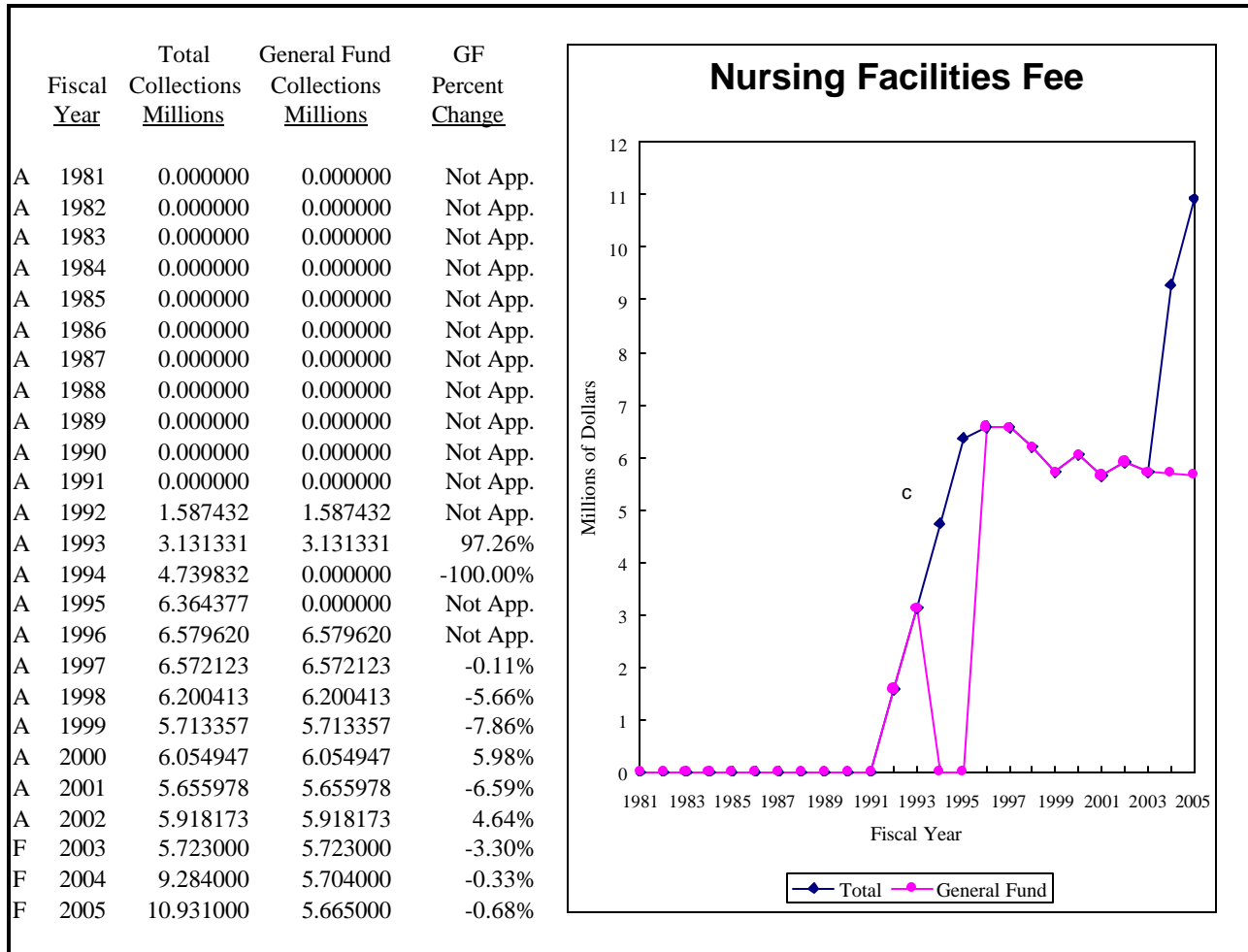
% of Total FY 2002 General Fund Revenue: 0.47%

Legislative Fiscal Division

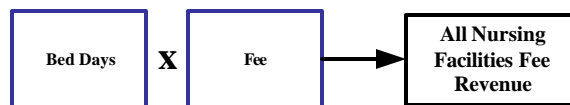
Revenue Estimate Profile

Nursing Facilities Fee

Revenue Projection:



Forecast Methodology

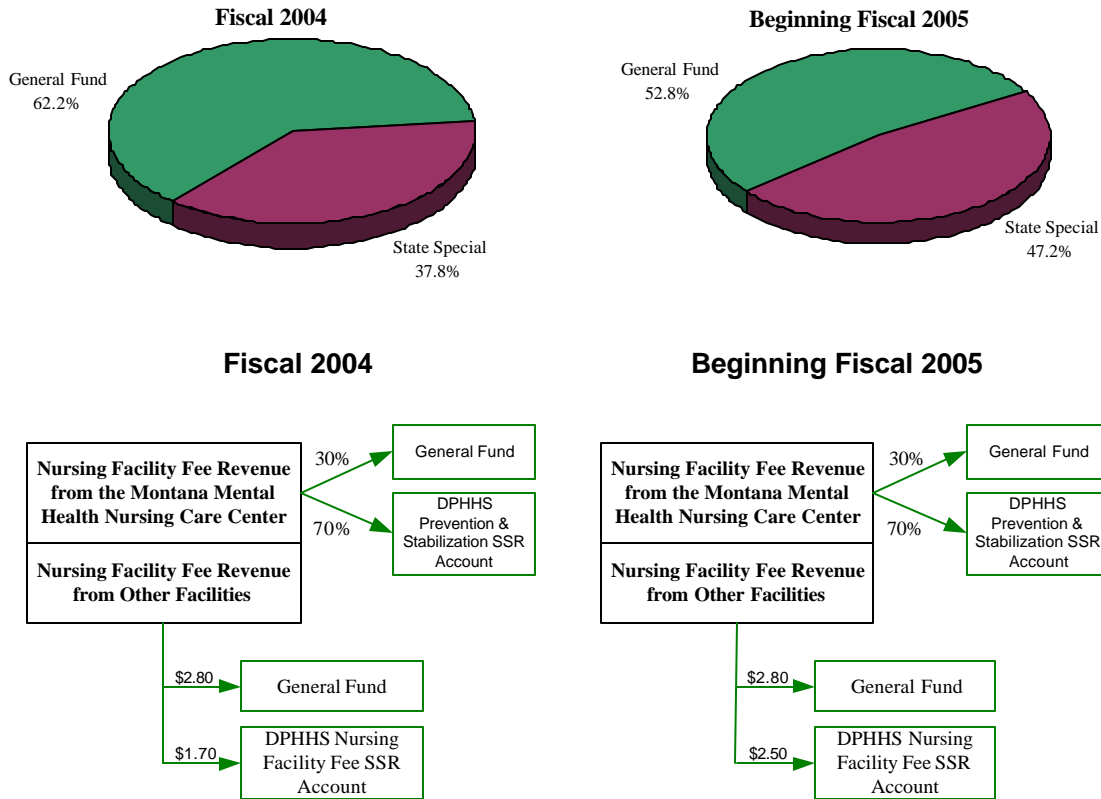


Legislative Fiscal Division

Revenue Estimate Profile

Nursing Facilities Fee

Distribution Methodology



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2003 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Fee	Bed
	Fiscal	Millions	Millions		Days
Actual	2000	6.054947	6.054947	2.800000	2.113805
Actual	2001	5.655978	5.655978	2.800000	2.083501
Actual	2002	5.918173	5.918173	2.800000	2.072696
Forecast	2003	5.723000	5.723000	2.800000	2.043910
Forecast	2004	5.670000	5.670000	2.800000	2.025123
Forecast	2005	5.624000	5.624000	2.800000	2.008551

Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

Revenue Description: The Department of Public Health and Human Services receives reimbursement for the cost of sheltering and treating residents at the Montana Developmental Center (MDC), the Montana Mental Health Nursing Care Center, Montana State Hospital (MSH), Eastern Montana Veterans' Home, Montana Chemical Dependency Treatment Center, and the Montana Veterans' Home. There are four sources of reimbursement income: 1) state and federally matched Medicaid monies; 2) insurance proceeds from companies with whom the resident is insured; 3) payments by residents or persons legally responsible for them; and 4) federal Medicare funds. Most of the reimbursements come from federal Medicaid payments.

Three variables determine the level of Medicaid nursing home payments: 1) the number of patient days eligible for Medicaid reimbursement; 2) the reimbursement rate per patient day; and 3) the private resources of Medicaid patients.

Applicable Tax Rate(s): N/A

Distribution: Revenue collected from the above sources are deposited in the general fund with the following exceptions:

1. Reimbursements from MDC and MSH are first used to pay debt service on bonds issued to fund construction at these facilities. The remainder is deposited into the general fund.
2. Reimbursements received for the Veterans' Home and Montana Chemical Dependency Treatment Center are deposited into a state special revenue account and appropriated to the institutions.

Summary of Legislative Action:

House Bill 121 – The legislation changes the institutional revenue collection process, depositing collections from the Montana State Hospital and Montana Mental Health Nursing Care Center directly into the general fund rather than the federal special revenue account. As a result, the federal special revenue decreases by \$3,180,119 in fiscal years 2004 and 2005 and the general fund increases by like amounts.

House Bill 722 – A new utilization fee is assessed on resident bed days of intermediate care facilities for the mentally retarded. The fee is 5 percent of a facility's quarterly revenue divided by the quarterly bed days. The fee revenue is allocated 70 percent to a new state special revenue prevention and stabilization account (for use by the Department of Public Health and Human Services to provide health and human services) and 30 percent to the general fund (the revenue effects and details of these changes are shown under the "All Other" revenue source). Because the cost of the increased fee is reimbursed to the state by the federal Medicaid program, general fund public institution reimbursement revenue increases \$310,483 in fiscal 2003, \$607,798 in fiscal 2004, and \$578,343 in fiscal 2005 after adjustments for the passage of House Bill 727 (closure of the Eastmont Human Service Center).

House Bill 727 – As a result of the closure of the Eastmont Human Service Center in Glendive in fiscal 2004, no reimbursements will be received from the facility. The loss of general fund public institution reimbursement revenue is \$1,054,171 in fiscal 2004 and \$909,844 in fiscal 2005.

House Bill 743 – In addition to increasing public institution reimbursement revenues, nursing facility fees are also increased (the revenue effects and details of the latter changes are shown under the "Nursing Facility Fee" revenue source). The legislation removes the Montana Mental Health Nursing Care Center's exemption from the nursing facility fee and makes the center liable for the same fees assessed other Montana nursing facilities. Because the cost of the increased fee is reimbursed to the state by the federal Medicaid program, general fund public institution reimbursement revenue increases by \$83,794 in fiscal 2004 and \$98,081 in fiscal 2005.

Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

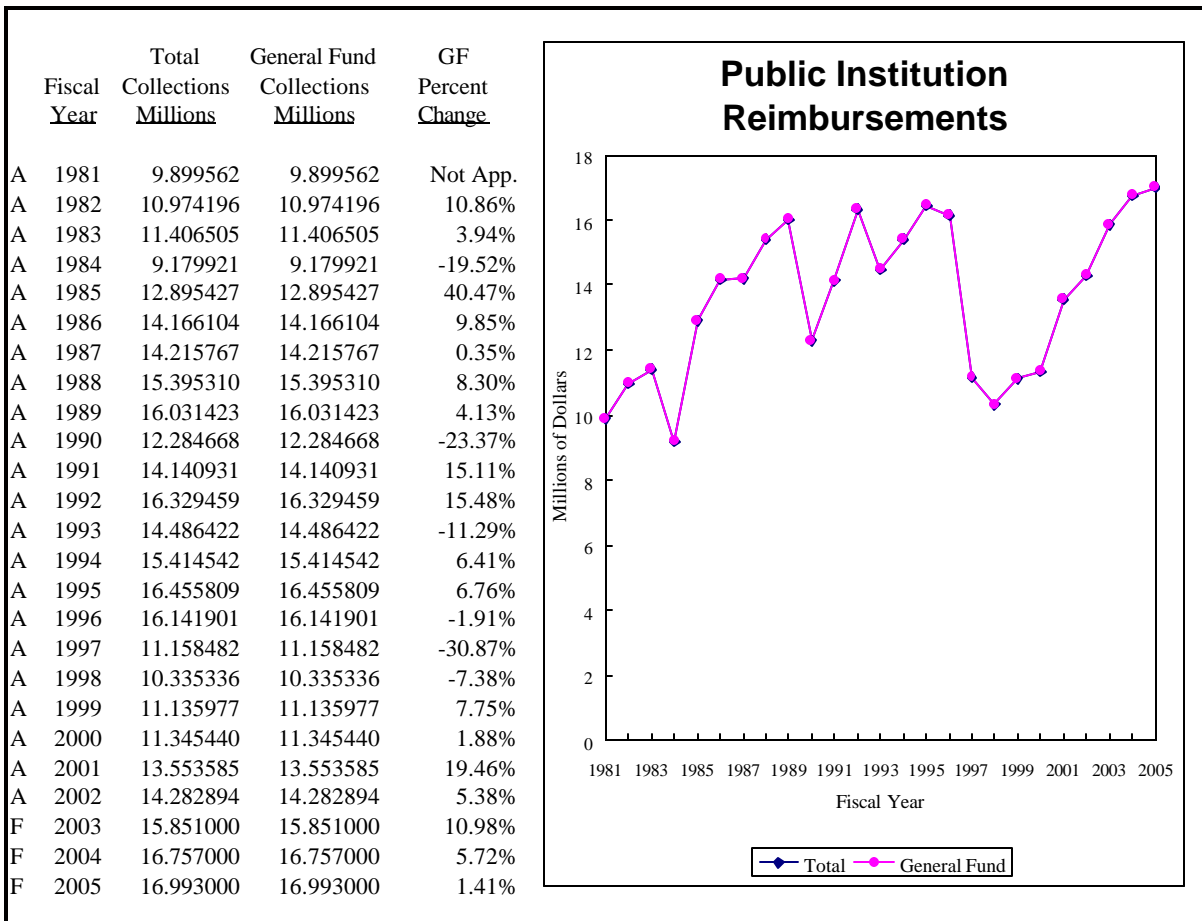
Public Institution Reimbursements -- Legislation Passed by 58th Legislature
Estimated General Fund Impact for the 2005 Biennium

Bill Number and Short Title	Fiscal 2003	Fiscal 2004	Fiscal 2005
HB0121 Clarify deposit of payment from state hospital and nursing care center		3,180,119	3,180,119
HB0722 Provider tax on intermediate care facilities	310,483	607,798	578,343
HB0727 Close Eastmont Human Services Center		(1,054,171)	(909,844)
HB0743 Include mental health nursing care center in bed tax		83,794	98,081
Total Estimated General Fund Impact	<u>\$310,483</u>	<u>\$2,817,540</u>	<u>\$2,946,699</u>

Statute: Title 53, Chapter 1, MCA

% of Total FY 2002 General Fund Revenue: 1.13%

Revenue Projection:

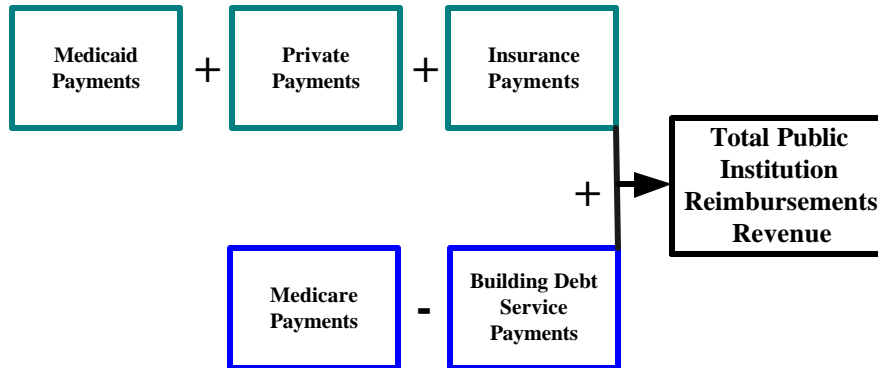


Legislative Fiscal Division

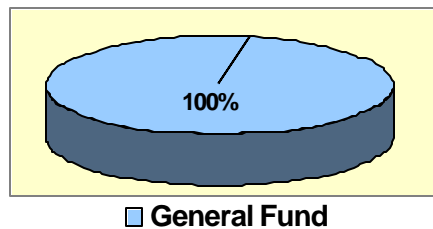
Revenue Estimate Profile

Public Institution Reimbursements

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2003 legislature that may affect future estimates of this revenue source.

	t	Total Rev.	GF Rev.	Private	Insurance	Medicaid	Medicare
	Fiscal	Millions	Millions	Millions	Millions	Millions	Millions
Actual	2000	11.345440	11.345440	0.512403	0.000257	12.490967	0.003044
Actual	2001	13.553585	13.553585	0.649965	0.000498	12.887899	0.015223
Actual	2002	14.282894	14.282894	1.483431	0.317047	10.994744	1.487671
Forecast	2003	15.541000	15.541000	2.165413	0.545379	14.810559	2.578494
Forecast	2004	13.939000	13.939000	2.180952	0.556214	14.739844	2.629437
Forecast	2005	14.046000	14.046000	2.200049	0.555109	14.831628	2.624241

	t	MDC Debt	MSH Debt	Adjustments
	Fiscal	Millions	Millions	Millions
Actual	2000	-0.965496	0.000000	
Actual	2001	-1.079220	-1.909252	0.000000
Actual	2002	-1.075405	-1.911032	0.000000
Forecast	2003	-1.075425	-1.910858	-1.572893
Forecast	2004	-1.078975	-1.908668	-3.180119
Forecast	2005	-1.075735	-1.909403	-3.180119

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Revenue Description: Montana receives revenue as a settling party to a Master Settlement Agreement with four original tobacco companies and 37 subsequent companies to end a four-year legal battle with 46 states, Puerto Rico, American Samoa, the U.S. Virgin Islands, the North Mariana Island, Guam and the District of Columbia (52 total settling entities).

Montana is eligible for four types of payments: 1) reimbursement for legal costs (received December 1999); 2) five initial payments (Two were received in fiscal 2000. One each year is expected in fiscal 2001, 2002, and 2003); 3) on-going, perpetual annual payments; and 4) strategic contribution payments (from fiscal 2008 through 2017). The Master Settlement Agreement places no restrictions on how the settling parties spend the money.

The total amount of tobacco settlement funds available to Montana is affected by a number of adjustments. These may include inflation, sales volume changes, operating income of the original four tobacco companies, number and operating income of subsequent participating manufactures, number of states reaching state specific finality, settlements reached by the four states not party to the agreement (Florida, Texas, Minnesota, and Mississippi), litigation offsets, disputed payments, and federal tobacco legislation offsets among others.

Applicable Tax Rate(s): NA

Distribution: Due to passage of Constitutional Amendment 35 by the electorate in November 2000, the legislature is required to dedicate no less than 40 percent of tobacco settlement money to a permanent trust fund. Since the legislature has not yet determined the exact percentage to be deposited to the trust fund, the revenue estimate assumes 40 percent. For fiscal 2003, the remaining 60 percent of the money is deposited to the general fund. Due to passage of Initiative 146 by the electorate in November 2002, beginning fiscal 2004, 32 percent of the tobacco settlement money funds tobacco prevention programs and (due to enactment of SB 485 by the 2003 legislature) human services programs, and 17 percent of the funds is used for the Children's Health Insurance Program and (due to enactment of SB 485 by the 2003 legislature) match for federal Medicaid funds. The remaining 11 percent of the money is deposited to the general fund.

Summary of Legislative Action: The 58th Legislature did not enact legislation that impacted this general fund revenue source. However, with the enactment of Senate Bill 485, the funding of human services programs is added as an allowable use of the 32 percent allocation of the tobacco settlement proceeds and use as matching funds to secure federal funds for the Medicaid program is added as an allowable use of the 17 percent allocation. The legislation also transfers \$5,831,360 in fiscal 2004 and \$6,057,600 in fiscal 2005 from the account receiving the 32 percent allocation to a newly created prevention and stabilization state special revenue account. Money in the account is used by the Department of Public Health and Human Services to finance, administer, and provide health and human services.

Statute: Title 53, Chapter 4

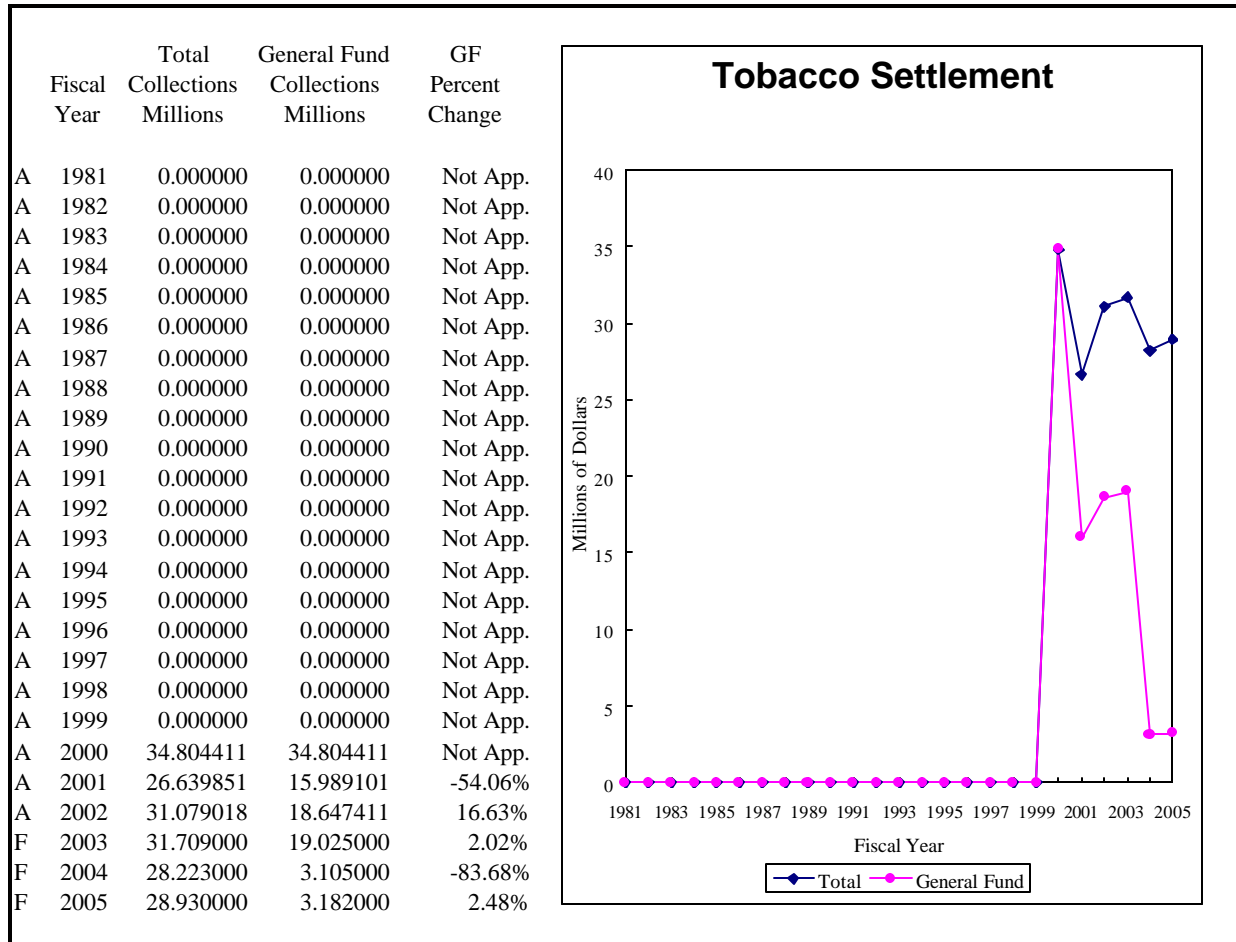
% of Total FY 2002 General Fund Revenue: 1.47%

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Revenue Projection:

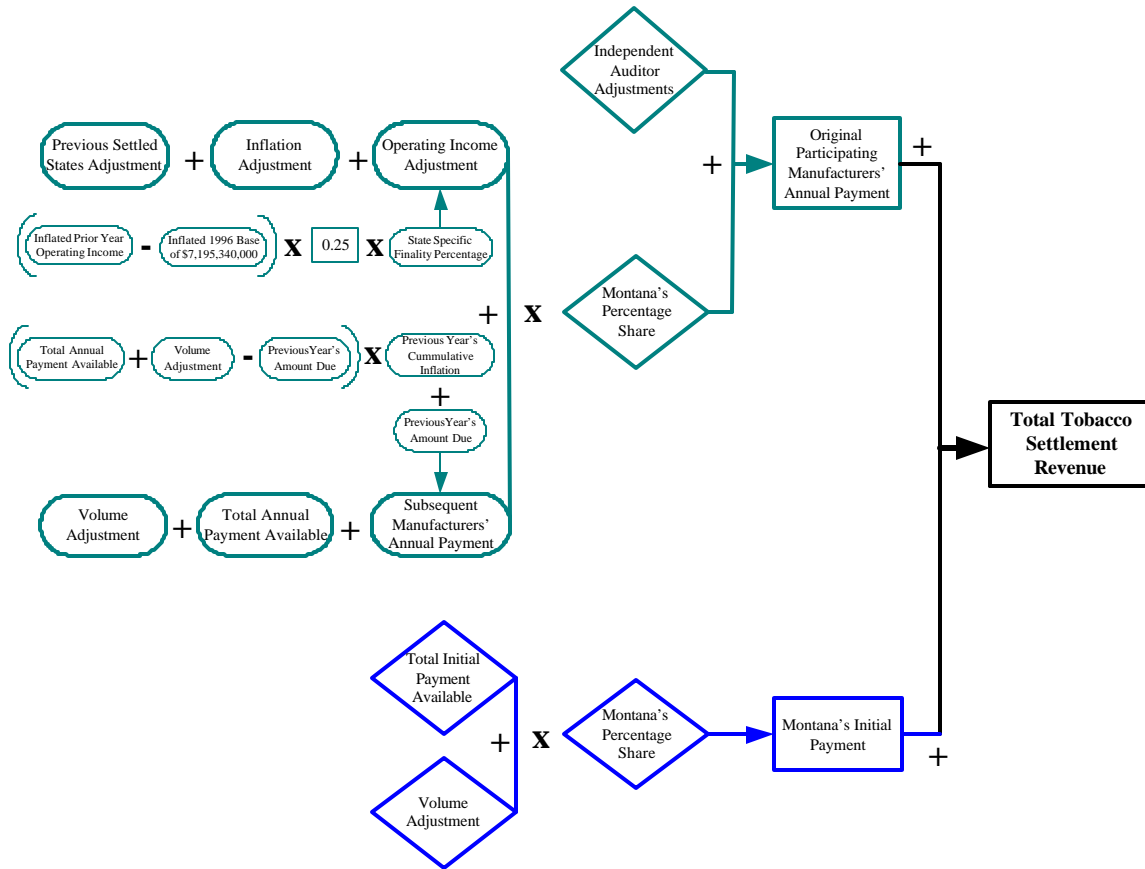


Legislative Fiscal Division

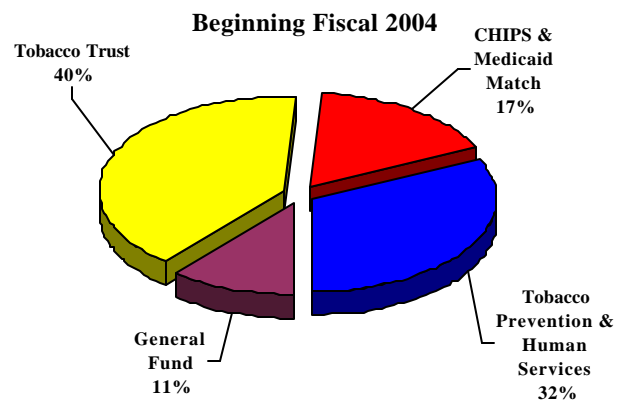
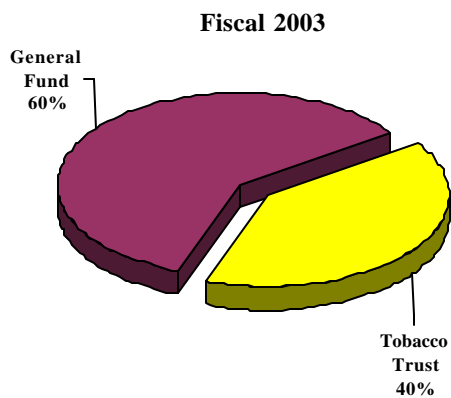
Revenue Estimate Profile

Tobacco Settlement

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2003 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Initial	Annual	Montana's	PSS
	Fiscal	Millions	Millions	Payment	Payment	Share	Reduction
				Millions	Millions	Percent	Percent
Actual	2000	34.804411	34.804411	4872.000000	4500.000000	0.004247591	-0.124500000
Actual	2001	26.639851	15.989101	2546.160000	5000.000000	0.004247591	-0.124500000
Actual	2002	31.079018	18.647411	2622.544800	6500.000000	0.004247591	-0.124500000
Forecast	2003	31.709000	19.025000	2701.221144	6500.000000	0.004247591	-0.124500000
Forecast	2004	28.223000	3.105000	0.000000	8000.000000	0.004247591	-0.124500000
Forecast	2005	28.930000	3.182000	0.000000	8000.000000	0.004247591	-0.124500000

	t	Annual	Cummulative	Adjustment	Adjusted	Annual	Cummulative
	Fiscal	Vol. Change	Vol. Change	Factor	Vol. Change	CPI Change	CPI Change
		Percent	Percent	Percent	Percent	Percent	Percent
Actual	2000	-0.140094943	-0.140094943	0.980000000	-0.137293044	0.030000000	0.030000000
Actual	2001	-0.015542065	-0.153459643	0.980000000	-0.150390450	0.033868093	0.064884100
Actual	2002	-0.045780332	-0.192214542	0.980000000	-0.188370251	0.030000000	0.096830600
Forecast	2003	-0.015000000	-0.204331324	0.980000000	-0.200244698	0.030000000	0.129735500
Forecast	2004	-0.010000000	-0.212288011	0.980000000	-0.208042251	0.030000000	0.163627600
Forecast	2005	-0.010000000	-0.220165131	0.980000000	-0.215761828	0.030000000	0.198536400

	t	Op. Income	SPM
	Fiscal	Adjustment	Payment
		Millions	Millions
Actual	2000	40.787986	46.446683
Actual	2001	64.221594	78.134224
Actual	2002	0.000000	144.417783
Forecast	2003	0.000000	163.153896
Forecast	2004	0.000000	189.850376
Forecast	2005	0.000000	227.542586